

# **SUBCOMMITTEE NO. 3**

## **Health, Human Services, Labor & Veteran's Affairs**

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# **Agenda**

**Chair, Senator Elaine K. Alquist**  
**Senator Alex Padilla**  
**Senator Dave Cogdill**



### **Agenda – Part B**

**Monday, May 21, 2007**  
**9:00 am**  
**Room 3191**  
(Consultant: Bryan Ehlers)

#### **Vote-Only Agenda**

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## 8950 Department of Veterans Affairs

The California Department of Veterans Affairs (CDVA) has three primary objectives: (1) to provide comprehensive assistance to veterans and dependents of veterans in obtaining benefits and rights to which they may be entitled under state and federal laws; (2) to afford California veterans the opportunity to become homeowners through loans available to them under the Cal-Vet farm and home loan program; and (3) to provide support for California veterans' homes where eligible veterans may live in a retirement community and where nursing care and hospitalization are provided.

The department operates veterans' homes in Yountville (Napa County), Barstow (San Bernardino County), and Chula Vista (San Diego County). The homes provide medical care, rehabilitation, and residential home services. With \$50 million in general obligation bonds available through Proposition 16 (2000), \$162 million in lease-revenue bonds (most recently amended by AB 1077 [Chapter 824, Statutes of 2004]), and federal funds, new homes will be constructed in West Los Angeles, Lancaster, Saticoy, Fresno, and Redding.

The Governor's budget funds 1,608.6 positions (including 8.0 new positions) and budget expenditures of \$349 million for the department, including the veterans' homes.

For the three veterans' homes, the Governor proposes a four percent funding increase, as shown below.

Home	Funding 2006-07*	Proposed Funding 2007-08*
Yountville	\$82,333	\$85,172
Barstow	15,535	18,303
Chula Vista	26,348	26,020
<b>TOTALS</b>	<b>\$124,216</b>	<b>\$129,495</b>

(\*dollars in thousands)

### ***VOTE-ONLY AGENDA:***

#### **Vote-Only Issue 1: April Finance Letter – Increase Resources to Address Deferred Infrastructure Repairs and Maintenance**

The CDVA requests 8.0 one-year limited-term positions and \$1.9 million one-time General Fund to address deferred repair and maintenance required to maintain health and safety at the veterans' homes. Of the total request, \$1 million is proposed for maintenance and repairs at the Veterans' Home of California – Yountville (VHC-Y), \$100,000 for improvement to wheelchair ramps at the Veteran's Home of California - Chula Vista, and the remaining \$800,000 is for Operating Expenses & Equipment

associated with the requested staff. Following completion of a VHC-Y study funded by the Budget Act of 2006 and due out in late 2007, the CDVA anticipates developing an ongoing program to address infrastructure repairs and deferred maintenance.

**Staff Comments:** This issue was heard previously, and the Chair requested the CDVA to provide additional information on the proposed repairs. In response, the department provided the repair list in Appendix A.

Staff no longer notes concern with this proposal.

### **Vote-Only Issue 2: Provisional Language for Previously Approved Professional Medical Services**

At a previous hearing, the Subcommittee approved 5.0 permanent positions (Certified Nursing Assistants) and \$325,000 ongoing General Fund to support implementation of “restraint free” care at the Veterans’ Home of California – Yountville. The Subcommittee may wish to adopt the following provisional language to require the CDVA to report on progress in providing a “restraint free” environment for residents.

8955-001-0001

Provisions:

*XX. CDVA shall provide a report to the Legislature by January 1, 2007 on the Homes-wide restraint reduction policy. This report shall: 1) describe the policy; 2) detail the reasons for adopting this patient care policy; 3) demonstrate the impact that the practice has had on the three Veterans Homes; 4) show how the practice is measured, evaluated, reviewed, and reported; 5) identify the number and duration of restraint and/or seclusion episodes at each veterans’ home; 6) detail how the three Veterans Homes compare to private facilities across the state and nation in the use of restraints and/or seclusion; and 7) provide a training plan describing the skills in which staff are instructed, the total number of staff trained in “restraint free” practices, and a timeline for training new staff.*

### **Vote-Only Issue 3: May Revise Letter – Increase in Federal Trust Fund Authority**

The CDVA requests a \$4,000 increase in Federal Trust Fund authority associated with the annual Cost-of-Living Adjustment and a \$4,000 decrease to General Fund authority in Budget Year 2007-08 for the Veterans’ Homes at Yountville and Barstow. This request reflects CDVA implementation of improved budgeting practices and the use of federal per diem projections to revise home expenditure estimates.

**STAFF RECOMMENDATION ON VOTE-ONLY ITEMS:** APPROVE Vote-Only Issues 1 through 3.

**VOTE on Vote-Only Issues 1 through 3:**

## **DISCUSSION AGENDA:**

### **CDVA Issue 1: April Finance Letter – Consolidation of Veterans Homes Appropriations**

The CDVA requests consolidation of the appropriations for the three existing Veterans Homes with the Veterans Home Division staff appropriations into a single departmental organization code (currently there are four). This proposal represents a net zero transfer, and is intended to greatly simplify the CDVA budget process while maintaining the transparency of expenditures at each home.

**Staff Comments:** This issue was heard previously and discussion focused on the CDVA's need to streamline its budgeting and accounting operations in order to reduce errors and to prepare for the addition of more veterans' homes in the immediate future. Currently, the CDVA headquarters (HQ), the Veterans Home of California -Yountville (VHC-Y), the Veterans Home of California – Barstow (VHC-B) and the Veterans Home of California – Chula Vista (VHC – CV), are each budgeted within separate items of appropriation. This arrangement creates significant additional workload for the accounting department—for example, three separate checks must be cut to the same vendor when goods or services are purchased for all three homes. Similarly, maintaining separate budget “silos” limits flexibility to address emerging issues—for example, HQ cannot reallocate resources from one home to another in the event of an emergency at one of the homes.

Given a recent history of poor budgeting and mismanagement at the CDVA, previous discussion focused on staff concerns that HQ may not be adequately prepared to assume the additional budgetary authority this plan would thrust upon it. For example, under the proposed consolidation, the department executive would assume ultimate decision-making power and responsibility over fund transfers between the homes. To address this concern, staff requested the CDVA to provide a transition plan for the consolidation. Given the compressed timeframe of the remainder of the budget process, however, the CDVA was only able to provide a transition plan at the level of an “executive summary.”

As concerns over this proposal have not been wholly addressed, the department has worked with the LAO to fashion provisional language (see Appendix B) to provide enhanced legislative oversight of the transition, with the intent that, should the Subcommittee choose to approve this proposal, the Legislature would be kept closely appraised of developments during and after implementation of the consolidation. For example, the Legislature would receive 30-day notice of any fund transfers between homes that exceed \$100,000 and all transfers that occur after a cumulative transfer-threshold of \$500,000 is exceeded.

**Staff Recommendation:** APPROVE the request with the proposed provisional language in Appendix B.

**VOTE:**

## **CDVA Issue 2: April Finance Letter – Salary Increase for Mental Health Personnel**

The CDVA requests \$1.2 million ongoing General Fund to increase salaries for certain mental health professionals serving at California Veterans' Homes to make them more competitive with Department of Corrections and Rehabilitation (CDCR) salary rates for the same classifications. CDCR medical personnel received a significant pay increase as a result of recent court decisions (*Plata*, *Coleman*, and *Perez*) and this request is intended to help the CDVA recruit and retain similar personnel serving California veterans, including psychiatrists, psychologists, social workers, therapists, and Chiefs of Medicine.

**Staff Comments:** This issue was heard previously and held open pending additional information on CDVA discussions with the Department of Personnel Administration (DPA).

According to the CDVA, the DPA has approved the proposed increases for all of the non-CDCR departments (including the Department of Mental Health and the Department of Developmental Services) who have made similar spring requests for mental health professional classifications. However, staff notes that the increases are still subject to union negotiations and Memorandum of Understanding approval.

As previously noted, this request funds all filled, but not all authorized, positions in these classifications. However, the May Revise Letter below (Issue #3) includes a request to fund the remaining unfilled positions.

Notwithstanding the Senate Budget Committee's position that all salary increases should go through the collective bargaining process and be considered only after DPA and union approval, recent developments surrounding the CDCR create a special case. Due to the significant salary increases for medical personnel mandated, or anticipated to be mandated, by the courts hearing the *Plata*, *Coleman*, and *Perez* cases, several state departments with responsibility for 24-7 patient care face serious staffing problems. Specifically, significant pay increases for certain classifications at CDCR have, or will, make it extremely difficult for other departments to compete in recruiting and retaining staff for the same or similar classifications. Based on this threat to the health and safety of the veterans' home residents, the Subcommittee may wish to relax its expectations regarding collective bargaining.

**Staff Recommendation:** APPROVE the request.

## **CDVA Issue 3: May Revise Letter – Salary Increase for Mental Health Personnel**

This proposal conforms to the April Finance Letter (AFL) above (Issue #2) and requests funds to increase salaries for mental health professional classifications serving at the California Veterans' Homes. While the aforementioned AFL funded only filled positions, this request would fund the remaining unfilled positions at a net reduction of \$11,000 (General Fund) in Budget Year (BY) because the AFL contained misclassifications.

**Staff Comments:** According to the CDVA, the pay increases for Chief Medical Officer and Chief of Medicine originally contained in the AFL will now be funded through the DPA. Because the BY-cost of these positions (\$333,899) was originally included in the AFL, their removal more than offsets the BY-portion of increased costs (\$322,392) to fund the salary increase in the other unfilled positions. Staff notes that the CDVA proposes to fund \$239,478 in salary increases in 2008-09 because it does not believe the positions can be filled in BY.

**Staff Recommendation:** Consistent with the recommendation for Issue #2, APPROVE the request.

#### **CDVA Issue 4: May Revise Letter – Dental Personnel: *Perez* Salary Increase**

The CDVA requests \$575,000 (General Fund) to fund salary increases for dental professional classifications impacted by the *Perez* case (see Issue #2 for additional background on *Perez*).

**Staff Comments:** As discussed in Issue #2, these classifications are affected by recent developments with the CDCR. Staff additionally notes that this proposal is consistent with requests by the Department of Mental Health and Department of Developmental Services for pay increases for *Perez* classifications, and, according to the CDVA, is supported by the DPA.

**Staff Recommendation:** APPROVE the request.

#### **CDVA Issue 5: May Revise Letter – Technical Adjustment and Salary Increase for 2006-07 Annex I (Alzheimer's/Dementia) BCP**

The Veterans' Home of California – Yountville (VHC-Y) requests \$3.3 million (\$2.3 million General Fund, \$417,000 Federal Trust Fund, and \$568,000 General Fund Reimbursements). Of the requested amount, \$2.4 million would fund a salary increase for 75.7 *Plata*, *Coleman*, and *Perez* positions approved in 2006-07 for the Annex I Alzheimer's and Dementia facility at Yountville, while \$891,000 would fund Operating Expenses and Equipment (OE&E) costs that were not budgeted in the original BCP. Among others, the position classifications include: Certified Nurse Assistant; Licensed Vocational Nurse; and Supervising Registered Nurse.

**Staff Comments:** The requested pay increase for *Plata*, *Coleman*, and *Perez* classifications is consistent with other CDVA requests (see Issues #2, #3, and #4), and would improve the VHC-Y's chances of recruiting and retaining staff to care for Alzheimer's and Dementia patients (see earlier staff comments in Issue #2).

The request for \$891,000 in additional OE&E primarily reflects prior ineptitude in CDVA budgeting, an issue previously addressed by this Subcommittee. Simply put, the CDVA

did not take into account a wide variety of costs (for example, computers and training) when it originally requested the Annex I positions. Under new budget staff, the department has since developed a “cost calculator” to allocate costs associated with new positions; however, the timing of this request has not permitted ample opportunity for legislative staff to review the assumptions built into the cost calculator. Therefore, staff is unable to either validate or invalidate the department’s request for additional OE&E resources. Without prejudice to the request or the accuracy of the cost calculator, staff will recommend the Subcommittee deny the bulk of the OE&E augmentation, anticipating that the CDVA can resubmit its request in the fall, by which time staff will have had the opportunity to more thoroughly review the assumptions built into the cost calculator. Staff notes that the LAO recommendation is substantially in line with this rationale, and supports funding a minor portion of the OE&E request that includes special costs like food and clinical services for new patients. Staff has no objection to providing \$180,000 for these special costs.

**Staff Recommendation:** APPROVE in-part. APPROVE \$2.4 million for salary increases and \$180,000 for new-patient special costs, but DENY \$711,000 for unjustified OE&E.

**VOTE:**

<b>CDVA Issue 6: May Revise Letter – Technical Adjustment and Salary Increase for 2006-07 Ward 1A and 1B BCP</b>
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The Veterans’ Home of California – Yountville (VHC-Y) requests \$1.2 million (\$1.1 million General Fund, \$73,000 Federal Trust Fund, and \$16,000 General Fund Reimbursements). Of the requested amount, \$568,000 would fund a salary increase for 33.6 Non-*Plata*, *Coleman*, and *Perez* positions approved in 2006-07 for the Ward 1A and 1B skilled nursing facility at Yountville, while \$643,000 would fund Operating Expenses and Equipment (OE&E) costs that were not budgeted in the original BCP. The position classifications include: Certified Nurse Assistant; Licensed Vocational Nurse; Registered Nurse; and Supervising Registered Nurse.

**Staff Comments:** The requested pay increase for non-*Plata*, *Coleman*, and *Perez* classifications would improve the VHC-Y’s chances of recruiting and retaining staff in the Ward 1A and 1B skilled nursing facility. Consistent with the rationale described above in Issue #2, the Subcommittee may wish to relax its expectations regarding collective bargaining and approve salary increases for positions associated with the health and safety of residents receiving 24-7 care from a state facility.

The request for \$643,000 in additional OE&E stems from the same factors outlined in the staff comments for Issue #5 (above) and should be addressed similarly.

**Staff Recommendation:** APPROVE in-part. APPROVE \$568,000 for salary increases and \$362,000 for new-patient special costs, but DENY \$281,000 for unjustified OE&E.

**VOTE:**

## **CDVA Issue 7: April Finance Letter – Salary Increase for Medical Services Personnel**

The CDVA requests \$86,000 ongoing General Fund to increase salaries for particular medical professional classifications serving at California Veterans' Homes to make them more competitive with Department of Corrections and Rehabilitation (CDCR) salary rates for the same classifications. As noted above (Issue #2), CDCR mental health personnel received a significant pay increase as a result of recent court decisions and this request is intended to help the CDVA recruit and retain personnel serving California veterans, including physical and occupational therapists, speech pathologists, and respiratory care staff.

**Staff Comments:** This issue was heard previously and the CDVA was requested to provide the Subcommittee with additional information on the status of discussions with the DPA and the collective bargaining process. In subsequent correspondence, the CDVA indicated that it had not yet obtained final DPA approval, but expected a decision as early as May 25.

As noted above in Issue #2 (and Issue #6—dealing with other non-*Plata*, *Coleman*, and *Perez* classifications) the Senate Budget Committee generally places significant importance on letting the collective bargaining process work. However, the Subcommittee may wish to relax its expectations regarding collective bargaining and approve salary increases for positions associated with the health and safety of residents receiving 24-7 care from a state facility.

**Staff Recommendation:** APPROVE the request.

**VOTE:**



## **APPENDIX A – Veterans Home of California, Yountville-Repair and Maintenance Project List & Cost Estimates**

### New Roofs or Roof Repair-most urgent list:

Annex IV Roof  
\$125,000  
Section J Roof  
\$100,000  
Creative Arts Center  
\$125,000  
Memorial Chapel Roof  
\$75,000  
Hostess House  
\$100,000  
Section J garage  
\$15,000  
Section L garage  
\$15,000

### Sidewalk Repairs

Numerous Locations (lifts, heaves, broken section and Annex II patio)  
\$80,000

### Patios

Hospital PX - replace heaved and damaged cement  
\$25,000  
Section K - pour new patio-Section K has no patio  
\$15,000  
Annex II - replace broken, heaved and unsafe patio  
\$25,000

### Automatic Doorways

Holderman Hospital from handicap parking into building east end  
\$9,000  
Holderman Hospital entrance from outside to laboratory  
\$9,000

### Handicap Bathroom

Main Dining Room (only has 1 for all 400 or so men eating)  
\$50,000

### Electric Upgrade-health and safety

Section E  
\$30,000  
Section B (Annex III) enables us to add washer/dryer  
\$45,000

### Sidewalks (new)

To Baseball Field from President's Circle  
From Alameda to Chapel by Administration  
North end of Holderman for ADA Handicap Compliance Parking  
Total  
\$80,000

Roads  
Road to currently used gravesites in cemetery  
\$80,000

Wheelchair Lift  
From Wards 1C1D to outside Patio to bypass ramp  
\$50,000

**Total:**  
**\$1,053,000**

#### **Veterans Home of California, Chula Vista-Single Project: Sidewalk Accessibility Ramps**

Description: A total of twenty-two (22) Curb accessibility ramps do not comply with CA Title 24 1127B.5.3 having excessive slope greater than 8.3 % causing an abrupt change from the street to the ramp, which is unsafe. Remove 22 existing ramps and replace with new ramps IAW CA Title 24 and Americans with Disabilities Act Access Guide.

1. Remove existing Curb Ramp.
2. Correct slope from street to face of curb. (Not to exceed 5% slope)
3. Re-install curb ramps (not to exceed 8.3% slope)
4. Install Detectable warnings (truncated domes) IAW CA Title 24 1117B.5.8, 1127B.5.8, 1133B.8.3, 1133B.8.5

**Chula Vista Cost estimate: 22 @ \$4545.00 = \$ 99,990**  
**Yountville Cost estimate: \$1,053,000**

**TOTAL COST ESTIMATE \$1,152,000**

## **APPENDIX B – Provisional Language for Department of Veterans Affairs Consolidated Budget Request**

(a) It is the intent of the Legislature to provide for flexibility for the administrative approval of intra-program transfers within the Care of the Sick and Disabled Veterans Program (Program 30) in those instances where transfers are necessary for the efficient implementation of the program.

(b) The Secretary, or his or her designee, may authorize the augmentation of the amount available for expenditure in any Veterans Home set forth in Program 30, by making a transfer from any of the other designated elements within Program 30.

(c) Any single transfer in excess of \$100,000 may be authorized not sooner than 30 days after notification in writing of the necessity thereof is provided to the director of Finance, or not sooner than whatever lesser time the Director or his or her designee, may in each instance determine. Additionally, any single transfer in excess of \$200,000 shall require notification of the Chairperson of the Joint Legislative Budget Committee and shall take place not sooner than 30 days after such notification, or whatever lesser time the chairperson or his or her designee may in each instance determine. Each notification shall include a description of the reason or reasons necessitating the transfer and the effect on the program element from which the funds are transferred.

(d) Transfers of the amounts available for expenditure for an element designated in Program 30 of this schedule by transfer from any of the other designated element within Program 30 shall not exceed, during any fiscal year, 10 percent of the amount so scheduled on that line item for those appropriations made by this act.

(e) At any time transfers from one line item or from all line items collectively exceed \$500,000 in total, the department shall notify the Chairperson of the Joint Legislative Budget Committee prior to any further transfers. Transfers of any funds in excess of the \$500,000 limit shall take place not sooner than 30 days after such notification, or whatever lesser time the chairperson or his or her designee may in each instance determine. Each notification shall include a description of the reason or reasons necessitating the transfer and the effect on the program element from which the funds are transferred.

(f) On January 10th of the year following the conclusion of the 2007-08 fiscal year and each fiscal year thereafter, the secretary shall furnish the chairpersons of the committees in each house of the Legislature that consider appropriations and the State Budget, and the Chairperson of the Joint Legislative Budget Committee, with a report on all authorizations given pursuant to this provisional language during that fiscal year.